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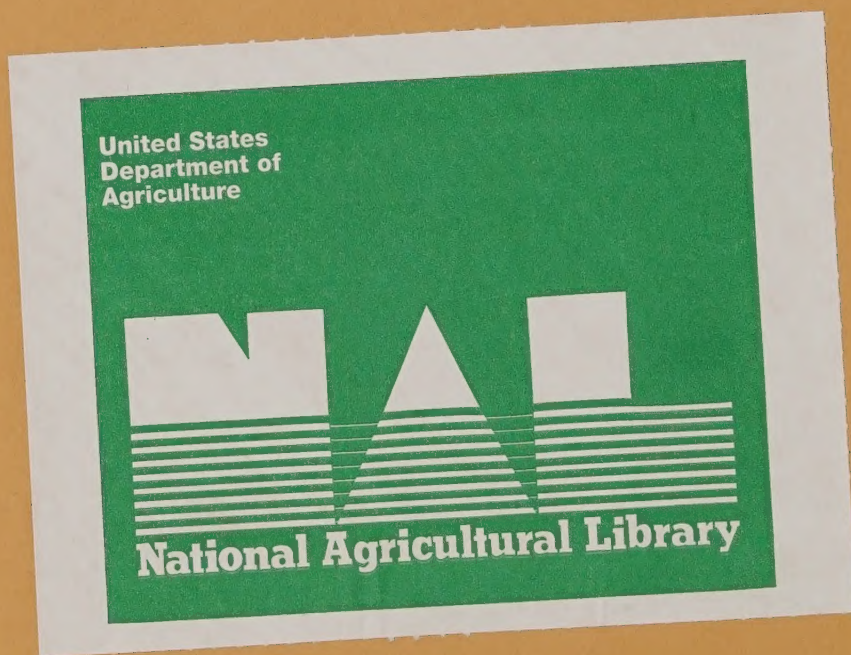
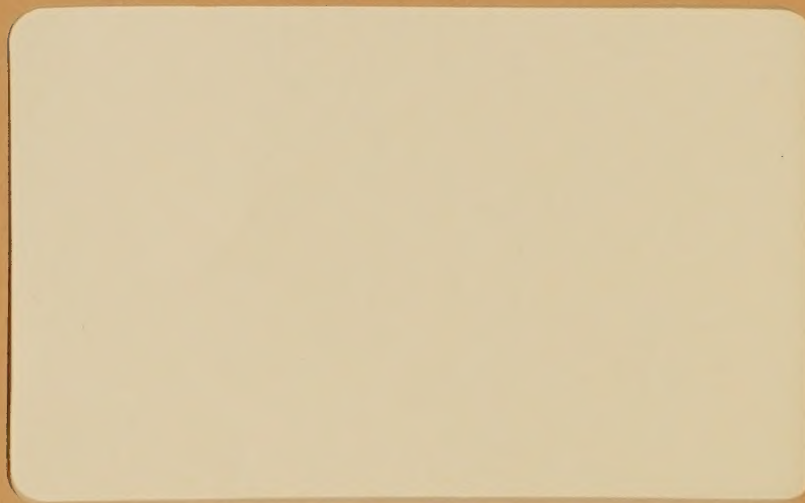
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**ENVIRONMENTAL SCAN, ISSUES
AND CHALLENGES; PLANNING
FOR THE FUTURE IN THE
DEVELOPMENT RESOURCES DIVISION**

**BY
DONALD S. FERGUSON PhD**





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AND CHALLENGES; PLANNING
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The issue is -- how can the United States best finance and administer new programs of international cooperation for development and trade enhancement as it continues to struggle with its own budgetary, ballance of trade and foreign debt burdens.

[DRAFT FOR DISCUSSION PURPOSES ONLY]

JANUARY 1993

DEVELOPMENT RESOURCES DIVISION
OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON D.C. 20250

INTERNATIONAL COOPERATION FOR DEVELOPMENT;
ENVIRONMENTAL SCAN, ISSUES AND CHALLENGES,
PLANNING FOR THE FUTURE IN
THE DEVELOPMENT RESOURCES DIVISION

The paradox is that U.S. foreign policy and foreign assistance programs have been either unbelievably successful or a dismal failure --- it depends upon your time horizon and world view.

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**INTERNATIONAL COOPERATION FOR DEVELOPMENT:
ENVIRONMENTAL SCAN, ISSUES AND CHALLENGES,
PLANNING FOR THE FUTURE IN
THE DEVELOPMENT RESOURCES DIVISION**

BY DONALD S. FERGUSON**

A. INTRODUCTION

Rapid changes are occurring in the structure and geographic distribution of U.S. programs of economic and technical assistance. The changes are being driven by the dramatic success of U.S. foreign policy and, to a lesser extent, by alleged problems with the Agency for International Development (A.I.D.) administered development assistance programs. For these reasons, there is believed to be an excellent probability that major revisions will be enacted in foreign assistance legislation during the next Session of Congress.

Using the same historical facts, it is possible to argue that past U.S. foreign assistance programs have succeeded beyond most analysts/observers wildest expectations or alternatively, that they have been a disappointing failure. The conclusion depends on whether the analyst takes a short or a long term view of the impact of U.S. foreign policy and on the category of developing country considered in the analysis.

In the wake of the collapse of the communist economic and political system and the thoroughly discredited communist/socialist world vision, a new set of goals and objectives for U.S. programs of economic assistance must be articulated that have the requisite support of Congress and the Administration. The newly articulated goal of U.S. foreign policy is to consolidate democratic and economic reforms especially in the "emerging democracies of Eastern and Central Europe and in the newly independent states (NIS) that were formerly part of the Soviet Union. The issue is the structure and content of U.S. programs of economic assistance and cooperation that would serve broadly accepted United States global interests.

While revision of the foreign assistance legislation is still in the preliminary draft stage, one of the proposals is that the current "A.I.D. functions" would be integrated with those of the Department of State (C-7). Thus, a hypothetical name for the new Bureau would be "The Bureau for International Cooperation for Development (BICD)".

**Dr. Donald S. Ferguson is an Agricultural Economist on the Staff of the Director of the Development Resources Division (DRD) of the Office of International Cooperation and Development (OICD) of the United States Department of Agriculture (USDA). The letters and numbers in brackets refer to References listed in Section K.

This prospective reorganization and redesignation would, among other things, signal that significant and badly needed reform had indeed been made in U.S. foreign assistance policy and administration. Assuming that the Department of State is to assume greater responsibility for the coordination of U.S. programs of economic assistance and cooperation, this change would be expected to expand the role of the U.S. Embassy Country Team and the USDA/FAS Attache Service in the planning and oversight of U.S. programs of international cooperation for development at least in the more advanced developing nations and emerging democracies.

Assuming that the next session of the Congress enacts revised 'foreign assistance' legislation, it would be expected to set U.S. development cooperation policy for the coming decade(s). Simply stated, if the U.S. wishes to remain an industrial and trading power and a leader in shaping the important issues of the 21st Century, the Congress and the Executive Branch must identify mechanisms to finance and administer future programs of economic and technical cooperation with and for; a) the technically advanced low and intermediate nations; b) the formerly centrally planned emerging democracies and c) the low income nations (see Section H, below).

In brief, USDA's agencies that play a role in the promotion of U.S. agricultural exports and services; the USDA, Science and Education Agencies; the U.S. Cooperative Land Grant University System; and, the U.S. farms and agribusinesses they support -- all have an important stake in the outcome of this important debate.

While perhaps of less global portent, there is also a good possibility that USDA's international assistance and cooperation functions, currently delegated by the Secretary of Agriculture to the Office of International Cooperation and Development (OICD), will be integrated with those of USDA's Foreign Agricultural Service (FAS). While there is no apparent connection between the proposed integration of A.I.D. with the Department of State, and OICD with FAS, either event could materially effect what I will refer to as the "OICD's functions" within USDA. Both proposed realignments are being driven by changes in the global setting and the need for economy in U.S. Government Services.

The following extended discussion paper was prepared as background for OICD/DRD's strategic planning for calendar year 1993. It combines elements of a historical review, an analysis of past and current trends in U.S. economic assistance programs, and recommendations for future programs and policy that would build international cooperation for development.

This Paper is intended to be a draft for discussion purposes only. Comments for future editing and refinement are requested and will be incorporated in future drafts.

B. THIS TIME A REVISED FOREIGN ASSISTANCE ACT? 1/

The paradox is that U.S. foreign policy and foreign assistance programs have been either unbelievably successful or a dismal failure --- it depends upon your time horizon and world view [DSF].

There is a good probability that the next session of Congress will both mark up and enact significant revisions to the foreign assistance legislation. The current Foreign Assistance Act (FAA), originally enacted in 1961, is now encumbered with 39 major policy objectives to be accomplished by the implementing agency.

Making implementation of programs even more difficult, in most years A.I.D. is forced to operate under the restrictive terms of one year 'Continuing Resolutions'. A.I.D.'s operating budget typically contain multiple outdated country and program earmarks. A further complicating factor is the lack of a Congressional and Administration consensus as to the goals and objectives of aid programs and the most cost effective ways to accomplish U.S. foreign policy objectives (see Section D).

Congress and the Administration began the current round of discussions on the future of AID over four years ago when a series of studies were undertaken under the general umbrella of Michigan State University (C-10). The major findings and recommendations of this series of reports were subsequently refined and incorporated into a draft "International Cooperation Act of 1989." This draft represented the largely bi-partisan views of the Committee of Foreign Affairs of the House of Representatives (C-12, Report 101-90).

The gist of proposed policy was that the United States should make cooperation for development the defining objective of future aid programs. Neither the Senate nor the Administration were prepared to concur with and sponsor passage of the House Bill during that session of the Congress.

In response to the House draft, A.I.D.'s previous Administrator, Alan Woods, produced a Report which was highly critical of the effectiveness of past and present A.I.D. programs (The Alan Wood Report). In 1990, an Administration sponsored draft was introduced

1/ This Discussion Paper draws heavily on material contained in a Report of a Task Force in Development Assistance and Economic Growth, Chaired By Dr. G. Edward Schuh, and background reports produced for the Task Force. That Report was commissioned by the Board For International Food and Agricultural Development (BIFAD). References to the Report and background papers are contained in the list of Citations and Memoranda and Discussion Papers (Section K).

by the Senate Foreign Relations Committee and was designated the "International Cooperation Act of 1991". A stated objective of the draft legislation was to "rewrite the FAA of 1961 in order to establish more effective assistance programs" and to authorize appropriations for international cooperation programs for fiscal years 1992 and 1993 (C-13).

The draft Bill also would have redesignated "the Arms Export Control Act" [the military assistance portion of the FAA], as the "Defense Trade and Export Control Act". As this draft doubled as a two year appropriations act, it retained many more of the country earmarks than the earlier House version. Once more, the gist of the argument for revision was that the existing legislation is outmoded and that the numerous restrictions, such as functional accounts and country levels, seriously limit the Administration's ability to manage the program and to shift resources between countries and objectives in response to rapidly emerging priorities. Again, no re-authorization action was taken by the Congress during that session of the Congress.

C. THE SENATE FOREIGN OPERATIONS COMMITTEE

Senator Patrick Leahy, Chairman of the Senate Foreign Operations Sub-Committee, after attempting to guide the Administrations FY 93 foreign aid funding bill through the Senate, wrote a letter to the President.

Paraphrasing Senator Leahy's letter to the President:

- for the second year in a row -- the foreign aid program will experience massive cuts caused by the disintegration of the political consensus in Congress in support of foreign aid.
- it is patently evident -- that our international assistance program is exhausted intellectually, conceptually, and politically. There is no widely understood and agreed set of goals, it lacks coherence and vision, and there is a very real question whether parts of it actually serve broadly accepted United States national interests any longer.
- A.I.D. is noted for pervasive mismanagement, it has become a tired, weak, and dispirited agency in dire need of a top to bottom rejuvenation.
- our foreign aid program is fast becoming a dinosaur, a relic of an era which is part of history. Even before the disintegration of the Warsaw pact and the disappearance of the Soviet empire, much of our foreign aid program was clearly out of step with global challenges to our national well-being. It is failing to address adequately fundamental American interests in the global population explosion, international

environmental degradation of a massive scale, and seemingly ineradicable poverty and hopelessness in the developing world.

- [following the November 1992 elections] the President, as a top priority, should convene a conference on foreign aid, chaired by the Secretary of State, and attended by the National Security Advisor, the Secretary of the Treasury, the Administrator of AID, as well as the leaders of the key committees of Congress responsible for designing and funding the foreign aid program.
- Such a meeting among those bearing the executive and political burdens of the foreign aid program, should explore candidly the most basic questions, such as:
 - In the absence of a global military threat to our national security, why should the United States continue to have a foreign aid program? In the post cold War era, what specific interests should it serve?
 - What goals are we trying to achieve through foreign aid, and are we really making any progress toward those goals? How should our foreign aid program be rebuilt to attain those goals?
 - If we continue to give foreign aid, how should we do so: What is the best, most cost effective mechanism for providing our aid?
 - How do we explain and justify to the American people continued foreign aid?

D. THE COMMISSION ON THE ORGANIZATION OF A.I.D.

Acting on a requirement placed in the FY 92 FAA Appropriations Bill by the Senate Foreign Operations Committee, the President appointed a Presidential Commission on the Organization of A.I.D. The Report of this Commission was released in May 1992 in time to facilitate Congressional action on the President's FY 93 Budget. Many of the Commission's recommendations, if accepted would be of substantial significance to USDA's International Cooperation and Trade Development Programs (C-7).

The Commission, after stating its belief that:

No fundamental improvement in the management of foreign assistance programs is likely to take place without an agreement on the purposes of foreign assistance between the Executive Branch and the Congress",

The Commission found that:

In the wake of the Cold War and with the rise of powerful economic competitors in Asia and Europe, a strong argument can be heard that the most important priorities for a U.S. foreign assistance programs are:

- (a) economic policy reform programs overseas; and,
- (b) trade and investment programs that will directly benefit the American economy.

The goal of U.S. assistance should be:

To support U.S. foreign policy [is] the simplest and clearest way to state the mission and objectives of the foreign assistance program (pg. 25).

To improve inter-Agency coordination:

- The Executive Branch should establish and activate a formal inter-Agency coordinating committee on foreign assistance to be chaired by an 'Under Secretary For Foreign Assistance'. The proposed Coordinating Committee would be comprised of representatives of State, Treasury, Defense, the National Security Council (NSC), USDA and OMB. Other departments and agencies would be potential participants depending on the issues under consideration.

Other recommendations include:

- The Executive Branch should draft a totally new Act eliminating the numerous overlapping and conflicting objectives and replace it with one that reflects the new world reality (pg. 25).
- AID "probably" belongs fully within the State Department, particularly at a time of rapid change in the world when maximum flexibility is required (pg. 26).
- The President's Budget request would not specify propose funding levels for individual countries and there should be only one funding account for DA projects to allow greater flexibility in country allocations and in the types of programs funded.
- The number of AID/W management units (400) and USAID Missions would be reduced as would the number of sectors and projects. DA project assistance, by inference, would focus on countries where U.S. assistance could be used to best further U.S. trade and investment objectives.

- AID/W [should] consist of five operating bureaus --
 - (a) Economic Support Fund (ESF);
 - (b) Advanced Developing Countries (ADC);
 - (c) Less Developed Countries (LDC's);
 - (d) Special Situations (to include emergency assistance);
 - and,
 - (e) Technical Support.
- Individual countries would receive either Economic Support Fund (ESF) or Development Assistance (DA) support but not both. Only DA funds should be programmed as project aid.
- The Technical Support Bureau would:
 - (a) provide technical support to central and field operations;
 - (b) manage central programs financed by mission buy-ins; and,
 - (c) maintain its successful research programs but limit these to, "research of the highest priority" (pg. 7).
- AID/W, with the guidance of the Inter-Agency Coordinating Committee, would more clearly establish and enforce Agency goals, objectives and policies but "all project identification, design and approval would [continue to] be done in the field" (pg. 9).
- The agency would continue to emphasize results-oriented evaluations and would more closely hold managers responsible for obtaining results. To simplify management and evaluations, there would be fewer and larger contracts and a smaller number of suppliers in all categories.
- New contracting procedures would be established that would include, "design and perform," and "design and deliver" modes when appropriate. Host country contracting would be limited to construction projects only.

The Commission's Report is believed to closely reflect Executive Branch thinking and to have broad support in the Congress as well. Of singular interest, the Commission indicates that the most important priorities for a U.S. foreign assistance programs are:

1. economic policy reform programs overseas and,
2. trade and investment programs that will directly benefit the American economy.

This reviewer is unaware of any other major document related to the future structure of foreign assistance programs that would designate U.S. trade and investment program interests as co-equal objective of U.S. foreign assistance policy. A brief discussion of trade and development interactions is included in Section I.

Further, if the Executive Branch chooses to accept the Commissions recommendation for an inter-Agency foreign assistance coordinating committee, then opportunities for USDA and other executive departments and agencies to play a role in setting economic cooperation and trade development policy would be greatly strengthened.

It may be noted that the proposed restructuring of aid programs broadly parallels those made in PL 480 administration and policy as part of the 1990 Farm Bill. These amendments gave A.I.D. responsibility for the administration of food and agricultural commodity assistance programs in low income, food deficit nations and assigned USDA responsibility for programs in middle income countries that need credit assistance to purchase the commodities they need. However, there are no direct references in the Commission's Report as to the need for better coordination of PL 480 and economic assistance programs beyond the suggestion that USDA be included as a core member of the inter-agency coordinating committee. Nor is it implied that USDA should assume a larger role in the planning and administration of agricultural assistance programs.

Criticisms of the Commission's recommendations have centered on the fact that the Report does not make the alleviation of the causes of hunger and poverty in the least developed countries a specific policy objective. To achieve results, these require a long term commitment of resources to a given country. Progress in a given country, which happened to decline as a priority, could be compromised if project aid were to be cut off prematurely due to policy driven shifts of project funds. American Universities have expressed concern that the elimination of "functional appropriation accounts," could result in less funding for food and nutrition, human resource development, and natural resources conservation and management projects and programs (see discussion which follows).

E. CHALLENGES TO BE ADDRESSED -- THE VIEWS OF THE DEPARTMENT OF STATE

The U.S. Department of State has identified five major challenges to be addressed by U.S. bilateral assistance programs:

1. promoting and consolidating democratic values;
2. promoting market principles;
3. promoting peace to achieve the stability essential for economic growth and political freedom;
4. protecting against trans-national threats; and,
5. meeting urgent human needs.

In the introduction to the FY 93 Congressional Presentation, the A.I.D. Administrator stated that A.I.D. will focus in its assigned responsibility of economic development within the foreign policy

challenges outlined above. The Administrator indicated that the Agencies (proposed) programs had been selected to:

1. support economic and political reforms that will generate employment, promote broad-based, sustainable and environmentally sound economic growth, encourage political freedom and good governance;
2. invest in human resources development (such as child survival, health and education), reduce explosive population growth rates, and respond to natural and man-made disasters;
3. strengthen institutions and (support) developmentally sound and economically viable physical infrastructure necessary to expand the production of goods and services.

What is striking is that neither the policy statement nor the action plan refers to the need for cooperation between the United States and the subject nations and between the U.S. and other industrialized nations in ways that would promote trade, investment and mutually beneficial cooperation through programs that would;

- help to solve the worlds pressing food and fiber security, natural resource management and environmental problems,
- help to alleviate the U.S. and developing nations balance of trade and international debt problems,
- build on the concept of cooperation for development and,
- be cost effective to both nation.

F. THE "SWAT" TEAM AND OTHER REPORTS ON A.I.D. MANAGEMENT

Most recent studies of A.I.D. management and organization, including the recently completed joint OMB/A.I.D. SWAT review, make the implicit assumptions that: (a) failures in achieving global foreign aid goals and objectives are the result of poor A.I.D. management; and, (b) there must be, by inference, management solutions to the identified problems of resource allocation (C14).

A cynic might conclude that the Congress (and the Administrative Branch) find it easier to charge A.I.D.'s past and the present Administrators with mismanagement rather than accept part of the responsibility for the perceived lack of A.I.D. effectiveness. For example, the FAA includes 39 separate policy objectives and the Appropriation Act for FY 93 includes 79 funding earmarks that tie up over 80 percent of the Agencies funding. In addition, A.I.D. is required to program project assistance to nearly all of the worlds 70 least developed and low income nations.

There is, however, plenty to criticize in the three decades of A.I.D.'s management of foreign aid. There is nearly universal agreement that A.I.D. and aid development assistance programs have

become unmanageable -- there are too many A.I.D. management units, too many individual projects and too many small bilateral missions. To quote Dr. G. Edward Schuh, A.I.D. project funds are "dribbled out" in a great number and variety of projects to over 70 (now 80+) nations. Further, there is no consensus as to who the intended clients and beneficiaries of U.S. assistance programs are (see for example the Leahy letter). Broad new initiatives have been imposed on the Agency's management system during a period of reduced staffing and funding. Missions are not given adequate time to phase out of existing commitments to host nations before new ones are added.

Studies of A.I.D. staffing patterns over a two decade period have documented the continuing depletion of A.I.D.'s technical and subject matter specialist staff. A.I.D.'s field missions and Regional Bureaus are not organized and staffed to support a topically diverse portfolio of projects and programs. Over the past decade, A.I.D.'s senior management pushed to decentralize the Agencies project management process to the Mission level. Few Missions have the depth of professional staff to oversee the design, implementation, and evaluation of technically complex agricultural and rural development and institution development projects.

Few of A.I.D.'s program officers and project managers have the technical training and experience to interact with host nation counterparts on a professional level related to the projects they are expected to design, manage, and evaluate. A.I.D.'s management directives and staff training focus on meeting the latest U.S. legislative and policy guidelines and not on improving professional capability.

Agency staff are rewarded professionally for the successful obligation of funds for activities that appear to best meet the latest set of policy guidelines. Foreign Service Officers are normally reassigned to other countries before they face the problems associated with implementing the projects they conceive and approve. As a consequence, the design of the technical content of project activities and implementation arrangement are not given a high priority.

The A.I.D./W.'s management systems are set up to support USAID Missions. They are not set up to assist host nation development agencies to implement their national program priorities. The diversity of foreign aid objectives and the numerous management units makes it difficult and costly for A.I.D.'s central bureaus to provide the necessary technical oversight, evaluation, and contract support services.

The majority of the aid recipient nations have small economies and are unable to financially support and manage even the basic public sector services needed to facilitate private sector investment and

trade expansion (see Section H.3). While A.I.D.'s project design and evaluation procedures are perhaps the most complex and costly of all the donors, the host nations' officials often must try to integrate 20 or more donor programs within their own national priorities.

With the possible exception of the "Africa Development Fund" in the A.I.D. Development Assistance Budget, there has been little incentive in the FAA to encourage A.I.D. to focus assistance on food security priorities shared by groups of low income nations with similar production, management and environmental problems. The most recent budget information suggests that even the Africa Bureau is reducing funding for food and nutrition projects in spite of falling production per capita in the Africa Region as a whole.

As A.I.D.'s technical specialist capability [and that of other donors] declined, this fact became an additional justification for substituting leveraged policy reform for the technical assistance, institution building and infrastructure project activities that are more difficult to design and manage but which nation's must have to build their own capacity to help themselves.

During the past two annual budget cycles, in a belated attempt to simplify A.I.D./Washington support and evaluation functions, all USAID Missions were directed to sharply cut back on the topical range of projects included in each Mission's portfolio. One of the apparent net effects of this latest directive is that additional missions are choosing to phase out of many of the remaining agricultural, natural resource production and management, and human resources development projects not withstanding the critical role of agriculture, forestry, food industries, and public education to the economic and social progress of all developing nations (C-2 & C-8).

Of special concern to U.S. Land Grant Universities, most of A.I.D.'s remaining agricultural projects and programs are being designed by small "for profit" consulting firms and non-governmental organizations. Project implementation is also being "contracted out" for implementation to these same small firms and organizations many of which have been set up in the United States and in third countries primarily or exclusively for this purpose. Frequently, the chief operating officers and the 'consultants' employed by these firms and organizations are former senior officers of A.I.D.

In A.I.D.'s first decade, the bulk of the U.S. technical assistance and training in agriculture and the natural resources was provided by state universities and the permanent agencies of the U.S. government. Many universities, university consortia and government agencies have experienced professional staff in the many technical and program management areas that host nations need to make their own institutions more cost effective. U.S. technical and management

specialists, drawn from institutions and agencies that manage and implement similar programs in the United States, can and do provide an "institutional memory" that can be called upon to guide the design and implementation of a series of similar agricultural sector and training programs in other developing nations and emerging democracies (C-6).

With the notable exception of the United States, most bilateral donor agencies have chosen to maintain close working relationships between their foreign assistance program agency and their national technical agencies and trade ministries. For agricultural and natural resources projects, the smaller donors and the international and regional banks must often rely on the FAO or on regional agricultural organization for technical support for project design, assessment and implementation functions.

It is also A.I.D.'s policy (based on its current interpretation of OMB circular A-76), that A.I.D., whenever possible, should contract out for professional services to small consulting firms and non-governmental organizations. The political and economic cost of this policy is that the U.S. development assistance program is less able to capture the politically important "secondary benefits" to counterpart domestic programs and to the U.S. economy as a whole.

Project activities designed collaboratively by U.S. and cooperating nations counterpart institutions and agencies have been shown to result in the sharing of technologies, management systems and concepts in a process that continue many years after the formal development assistance project has been phased out. In this manner, the development programs of both nation's institutions are strengthened and become more cost effective. Once such linkages have been established between the U.S. and the institutionally more advanced low income and intermediate income nations, they can be maintained at a modest cost to the participating partners and to the sponsoring agencies.

As A.I.D. funding of food, nutrition and rural development projects declined, the number of A.I.D. financed degree candidate participants in agriculture and related sciences has also declined. It is projected that the number of new degree candidates will be cut in half in the next two years raising concerns as to A.I.D.'s continuing commitment to human resource development (C-2). Many of the A.I.D. financed degree candidate participants have become leaders in their nations food and agricultural sector and are the key scientists and specialists that could permit the United States to build and maintain productive linkages in science, technology and in trade. One option would be to expand central bureau funding for counterpart training in agriculture and natural resources that is not dependent on the separate funding in each nation of agricultural sector projects.

In summary -- as the U.S. commitment to self-help and famine prevention declined, A.I.D. began to shift its global portfolio to 'program assistance' conditioned only upon a nation's commitment to policy reform. Rather than focus its reduced levels of funding on a more restricted menu of projects, A.I.D. chose to decentralize decision making which in turn led to the funding of an ever changing array of small projects that it finds difficult to manage and support. The rapidly changing A.I.D. priorities, the numerous independent contractors and one of a kind projects have all tended to decreased the cost effectiveness of U.S. development assistance projects to both nations.

Of perhaps the greatest concern to USDA's permanent agencies, A.I.D.'s management objectives do not require regional bureaus and USAID missions to look for ways that assistance programs could be designed and implemented to foster scientific and technical cooperation and trade development between the United States and the cooperating countries.

Because A.I.D programming officers are not required to take into consideration the benefits to domestic based programs of alternative aid projects and implementation arrangements, this has contributed to the lack of constituent support for foreign aid and the perception that USAID projects simply are not helping low income nations to achieve sustainable rates of economic, technical and social progress. History suggests that longer term programs that build linkages between nations, if given adequate support, can lead to unexpected outcomes that are of significant benefit to U.S. domestic and international trade and development interests.

**G. WITHOUT A SCORE CARD, IT'S DIFFICULT TO KNOW THE PLAYERS
[Much Less Who Has a Stake in the Outcome of the Game]**

There are three principal interest groups driving the current foreign aid debate and FAA allocation decisions. Each has a vocal constituency with divergent views as to what future U.S. programs of economic assistance and cooperation should be all about.

The first power group -- contends that foreign aid should continue to be used primarily to achieve the foreign policy goals and objectives of the United States (C-7). In short, many policy analysts believe that aid should be used to reward nations who are our friends, allies, and our potential trading partners with dollar grants and economic cooperation programs (eg. Israel, Egypt and the other ESF recipients and the middle income countries and emerging democracies). They would argue that aid flows to countries not in these categories should be reduced and should continue to be made conditional on each nation's willingness to adopt and implement policy reforms.

In group one's view, policy reforms include steps to enhance; (a) market pricing of resources and products, (b) free trade, (c) private sector/foreign investment, (d) divestiture of publicly owned and managed enterprises, (e) democratic institutions/human rights and, (f) the suppression of the production and commerce in narcotic drugs. These reforms correspond, in general terms, to the new directions mandate announced by the A.I.D.'s Administrator about two years ago (see also Section E).

The underlying theory of development is that if a nation ranks high in all major policy reform areas, then private sector trade and local and foreign investment will fuel broad-based economic development thereby improving social conditions for the majority. The 'policy-right-first' theory of development differs from the trickle-down theory in that it is private sector savings and investment and foreign investment and trade (and not public sector investment), that fuels employment and the growth of per capita income.

However, history suggests that foreign aid and food aid programs are a very poor vehicle to support short term foreign term policy objectives. The evidence is that independent sovereign nations will chose to make and implement policy reforms when they understand their importance and have the human and fiscal resources to implement them.

The cost of 'policy first' is that the United States has surrendered its prerogative to help guide how recipient nations use the foreign currency grants and the local currencies generated by commodity assistance programs. Consequently, there is little hard evidence that U.S. 'program aid' outlays are currently contributing to long term development in recipient nations.

Group one also supports expanded levels of U.S. funding for multi-lateral forms of development assistance. They would prefer that the IMF and the World Bank continue to take the lead in politically painful policy reform dialogues. It also wishes to assure that the "burden of aid" is shared more equitably by all industrialized countries (eg. Japan and Germany), the MICs (eg. Taiwan and Korea) and the OPEC countries.

Group one also tends to favor shifting more of the burden for humanitarian assistance to the least developed countries to the U.N. specialized agencies, such as the World Food Program, UNICEF, the WHO, the UNDP and IFAD. This Policy, if adopted, would free up additional bilateral aid funds for those countries where "U.S. assistance can be more effective". Group one does in principal, support programs that allow the U.S. to respond to emergencies and other major humanitarian relief needs world wide.

The second power group -- contends that foreign aid dollars should be used primarily to alleviate the conditions that lead to hunger and poverty in low income countries. This group favors shifting funding away from security assistance and leveraged policy reform (eg. ESF) and would expand assistance to countries with the highest hunger/poverty indices. Supporters of the 'trickle-up' model of economic and social progress achieved their greatest success with the addition of the 'poor majority mandate' to the FAA in 1976. The trickle up-theory of development continues to receive strong support from the Ad-Hoc Hunger Committee of the House of Representatives and among A.I.D.'s program staff.

Group two contends that public sector institutions in low income countries primarily serve the needs of the political and economic elite. They argue that project and food aid resources should be funneled through the PVOs and NGOs and that dollar funds and sales proceeds should be used, whenever possible, to support grass roots initiatives that; a) empower the poor majority, b) create micro-enterprises and, c) strengthen domestic private voluntary and non-governmental organizations. Group two also tends to favor quickly disbursing project aid selected to help meet the immediate "basic human needs" of the poor majority. This group historically provides the strongest support for programs of humanitarian relief and for the PL 480, Title II, food grants, Title II monetization and the Title III food and commodity grants to low income food deficit countries.

The third power group -- contends that U.S. assistance programs should be used primarily to reduce the rate of environmental degradation. The more vocal of the environmental interest groups tend to be anti-research, anti-technology, anti-multinational corporations, anti-trade promotion and anti-agricultural production programs. They are pro-preservation of natural resources and pro-biological diversity.

This sub-group has been extremely successful, perhaps unintentionally, in redirecting the shrinking level of A.I.D. development assistance funding away from production agriculture, including research, technology development, and extension, and toward the intervention free, environmental policy dialogues with recipient government officials.

The initial success of the environmental lobby came roughly 15 years ago when A.I.D. was sued by environmental organizations. A.I.D. chose to enter into a Consent Decree which stipulated that U.S. environmental law, as codified in The National Environmental Protection Act (NEPA), applied to all projects and activities that A.I.D. funded overseas. The gist of the consent order was later added to the FAA by Congress.

The environmental guidelines issued are more restrictive than those enforced within the United States. They require that each USAID

Mission finance costly and time consuming environmental assessments of their entire portfolio and of all project that are presumed to support, in any way, the use of agricultural chemicals or which might otherwise disturb the natural environment.

The A.I.D. guidelines require that the scope of the examination or assessment include the entire host government program and not just the specific activities financed by A.I.D. In the real world, there are few public sector agricultural research, production, and natural resource management programs that do not include the presumptive use of pesticides or fertilizers or which are not intended to amend, positively or negatively, the use of a soil, water and forest resources. Therefore, an environmental examination and usually an environmental assessment is required of virtually all A.I.D. agricultural and rural development projects.

Further, the host nation's agricultural and rural development programs are evaluated, not under the host nation's guidelines, that reflect local conditions and priorities, but under A.I.D.'s more restrictive guidelines based on its interpretation of U.S. environmental law. A.I.D.'s environmental policy has frequently led to conflicts with host nation officials and with the intended private sector 'beneficiaries'. It also increases the difficulty of working out co-financing arrangements between the host nation and other donors.

The often lengthy and costly process of drafting and approving environmental analyses was to contribute to A.I.D.'s growing pipeline problems and to the administrative cost of project design and implementation. Citing their fear of additional court suits brought by environmental interest groups, A.I.D/W and many USAID missions apparently took the easier route of choosing to phase down or discontinue support for most host nation agricultural sector projects and programs.

To summarize, it may be assumed that group one will continue to have the greatest influence on future aid programs primarily because the foreign affairs/relations and foreign operations committees of the Congress have primary jurisdiction over foreign aid authorization and appropriations. Consequently, it is likely that; a) the greatest share of the 'foreign aid budget' will continue to be earmarked by Congress for favored nations, b) ESF and Security Assistance will remain in the 'foreign aid' budget at levels that are 'large' in relationship to Development Assistance appropriations and, c) policy reform will remain a key determinant of the level of foreign assistance offered to each nation.

Groups one and two are likely to continue to support discrete, short term projects with a rapid disbursement of funds. Quickly disbursing projects are alleged to more quickly benefit the poor majority and provide a "clearer signal" of U.S. support for policy reform. They also require fewer resident direct hire A.I.D. staff

and implementation can often be carried out by cooperating private voluntary and non-governmental organizations.

Both groups in principal oppose A.I.D. support for development assistance projects intended to strengthening government agencies and other public sector institutions. Group one -- professes its belief that the U.S. can leverage faster rates of 'policy reform' if the recipient nation is not expected to account for how it chooses to uses the funds. Group two -- because of their belief that public agencies in developing countries are not equipped to manage programs that target the poor majority.

One model of assistance that draws the support of both groups is the Africa Development Foundation. The Foundation, which is funded separately by the Congress, makes small discrete grants for quickly disbursing activities throughout Sub-Saharan Africa.

All three groups support, in principal, the concept that funds for environmental action, should be channeled through non-governmental environmental groups in recipient nations. All three support policy dialogues on matters related to the environment. All three prefer grass roots action over public extension services and regulatory action to further economic and environmental objectives.

The more vocal elements of groups two and three argue that 'social justice' must be given priority over other priorities. They blame the foreign and development policies of the United States and other industrialized nations for the slow rate of social and economic progress of low income nations and for the deteriorating global environment. They are likely to strongly oppose any substantive revisions in the FAA they would be view as favorable to U.S. foreign investment (particularly by multi-national corporations), support for the export of cash crops by developing nations, the expansion of commercial sized farms and agribusinesses, the increased use of agricultural inputs and the 'managed harvesting' of forest resources.

As noted, there are currently two drafts of a revised foreign assistance act, (one drafted four years ago by the House Foreign Affairs Committee, the other drafted two years later by the Bush Administration). In areas of agreement between the two drafts, the Administrator of A.I.D has moved to implement Congressional intent.

As one example, Title XII of the FAA, first enacted in 1976, requires A.I.D. to utilize the unique resources of U.S. Land Grant Universities to prevent famine. It also required the President to appoint a Board For International Food and Agriculture (BIFAD) to advise the President, the Congress and the Administrator of A.I.D. on a strategy to prevent future famines.

As famine prevention is no longer a short term priority of the Congress or the Administration, Title XII, or any substitute

language, is not included in either draft. Consequently, the Administrator of A.I.D. moved promptly to disestablish BIFAD and to replace it with a "Board for International Food and Agricultural Development and Economic Cooperation (BIFADEC). While BIFAD's members were appointed by the President, BIFADEC's members are appointed by the Administrator. The Board's mission statement calls for it to advise the Administrator on all topics related to University support for development.

In the past one and a half decades, BIFAD and the U.S. Land Grant Colleges and Universities were the only domestic interest group that has advocated increased U.S. foreign aid funding for food and agriculture, natural resource management, institutional development, human nutrition and human resource development projects and programs. However, with the tight Development Assistance (DA) budget and the current bias against institutional development, there is little reason to expect that Congress will chose to earmark funds for projects that would be particularly suited for University contract implementation.

It should be noted that most of the institutionally advanced low income countries and emerging democracies are in the process of implementing structural adjustments and are implementing national policies that favor private sector and foreign investment and the expansion of trade. While there are multiple sources of funding for capital projects and foreign investment, Commercial Banks are generally unwilling to make loans to finance technical services and training.

Contrary to present U.S. policy, most developing nations would welcome an increase in the share of U.S. foreign assistance provided in the form of technical cooperation and training provided the public agencies responsible for the planned activities in their autonomous nations and counterpart agencies in the United States were made responsible for the selection of activities and for design and implementation arrangements.

Of a positive note, in the post cold war era, the Office of the Presidents Science Advisor, the Department of State and the Congress may be prepared to support an expansion if international programs that address other aspects of U.S. security including the programs of scientific and technical cooperation that are needed to identify the new technologies for global food and environmental security. In general, it is the institutionally advanced nations and emerging democracies that are the logical participating partners with U.S. Government sponsored programs of scientific and technical cooperation and trade enhancement (C-1 & M-1).

A second positive development has been the formation of a coalition of environmental interest groups, under the able leadership of former Ambassador Robert Blake. The Coalition, in cooperation with BIFAD, prepared a joint report that highlights the importance of

international cooperation in science and technology in the identification, field testing and extension of the next generation of green revolution technologies that are needed to increase agricultural production and to manage natural resources more efficiently (C-11). The Coalition also advocates more adequate levels of funding for programs designed to help developing nations to manage and enhance the productivity of soil and forest resources.

In summary, as Congress and the next Administration join debate over post-Cold War foreign assistance policy, the three interest groups that have shaped development assistance policy in the past two decades are not advocates for the kinds of technical assistance programs and training activities that enabled the more institutionally advanced developing nations to build and mature their public and private sector institutions. Nor do any of the three groups support an expansion of programs of technical assistance and training to help developing nations and emerging democracies to improve the quality and coverage of their public (and private sector) research, education, and extension systems.

While policy reform and private and voluntary initiatives are important, all modern societies, without exception, must also have efficient and effective public agencies capable of carrying out programs that improve the productivity of human capital and the management of natural resources. Without this support, the citizens of the 50 or more autonomous low income nations can not expect to achieve and sustain even minimally acceptable levels of food, clothing, shelter, education, health and physical security.

Unless the Congress and the Executive Branch choose to designate famine prevention and global food security as objectives of U.S. foreign policy, and choose to relax some of the artificial constraints to development cooperation with U.S. institutions, U.S.A.I.D. financed food and nutrition, forestry and rural development projects are likely to continue to decline as identifiable components of U.S. foreign assistance programs.

H. MATCHING THE PROGRAM FOCUS TO THE NEEDS OF THE COOPERATING NATIONS

1. Intermediate Income and Institutionally Advanced Nations.

In the post World War II period, international trade and economic cooperation grew rapidly. During the 1950-1975 period, U.S. programs of international economic, technical and educational assistance were crucial in helping the (now) intermediate income and institutionally advanced nations in Asia, Europe, Latin America, and the Middle East to achieve self sustaining rates of

economic and social progress. This set of nations is the home of the vast majority of the world's consumers. They either are, or have the potential to become, major trading partners with the United States.

Today, even with declining levels of foreign aid and lower levels of food aid than 30 years ago, a greater percentage of the world's citizens are adequately fed, clothed and housed than ever before. Again, objective analyses credit international cooperation in agricultural research as the key factor that has prevented famines from becoming a fact of life in the densely populated nations of Asia and for sparking a global green revolution in agriculture (C-4 & C-5).

Observers point out that these political and economic developments occurred during a prolonged period of world peace, unprecedented rates of improvements in technology and human productivity, and the formation and expansion of global financial, trading, communication and technology development and transfer systems (C-8).

These (now) institutionally advanced and intermediate income nations were enabled to build and mature public and private sector institutions with the requisite critical mass of trained and educated persons. For this reason, they, along with the industrial nations, are currently able to plug-in to and benefit from the expanding global financial, data/information, and trading systems.

In short, the nations that were the recipients of significant levels of U.S. assistance in the 1950-75 period are now able to either produce for themselves or purchase commercially the food, fiber, and other agricultural products they require for a growing population and an expanding economy. Some do continue to need the help of USDA's short term credit guarantee programs to finance their agricultural commodity and product purchases (M-1 & M-2).

2. The Emerging Democracies.

For the past 40 years, the goal of U.S. foreign policy and foreign aid programs has been to contain what was perceived to be the threat of international communism and Soviet Union expansionism. Economists now believe that the 'centrally planned economies' collapsed because the Soviet Union discouraged trade, foreign investment and scientific and technical cooperation with the technologically advanced nations. Most of the formerly centrally planned 'emerging democracies' have well established educational and research institutions and quite well developed physical infrastructure (M-5).

The emerging democracies do not need nor would they welcome traditional forms of conditioned aid or project assistance. They do need short term help to finance the purchase of agricultural commodities, high tech equipment and management services and to

attract foreign investment and a wide range of short and longer term training assistance. They also need help to reorient their public sector institutions to serve the needs of private sector farms and businesses and to expand scientific and technical cooperation with the United States (C-1 & M-5).

In addition, both the institutionally more advanced nations and the emerging democracies are requesting USDA assistance to codify and implement the necessary regulatory programs and associated extension/outreach programs needed to complete the reformation process. The success of U.S. foreign policy provides the most compelling argument for a complete overhaul of the Foreign Assistance Act (FAA). The future 'International Cooperation for Development Act' is expected to provide strengthened authorities for international cooperation in science and engineering, foreign investment and trade and for other activities that are of mutual interest and benefit to both nations.

For the nation that are the home of the majority of the world's citizens, including the economically large but low income countries of China, India, Indonesia, Pakistan, and Brazil and the emerging democracies of Eastern Europe and of Asia, the developmental cup is not only more than half full but filling.

3. Economically Small, Low Income Nations.

Critics of U.S. development assistance programs note that the per capita income disparity between the technologically advanced and the technologically poor nations is accelerating at an alarming rate. They conclude that foreign aid, to and for low income countries, has failed miserably in that the least developed countries, and those low income countries with small market economies, have not benefitted from the new global financial markets and data/information systems.

The 'first, get the policy right' set of A.I.D. critics have argued that foreign aid programs enabled low income nations to delay the politically hard policy decisions needed for more rapid economic and social progress. Acting on this theory, A.I.D., the World Bank and the IMF chose to focus on structural adjustment loans and/or leveraged policy reform grants. The World Bank, like A.I.D., also chose to significantly reduced its technical specialist staff and its funding for agricultural sector projects.

The 'environmentalist critics' of A.I.D. note the alleged negative trends in the 'global environment' and in the well documented (negative) trends in natural resource exploitation and degradation in many developing nations and in the emerging democracies. The world's human population has doubled during the past 35 years and is expected to double again by the year 2030 to nearly 11 billion persons. Population growth alone is and will continue to place

enormous strains on the worlds fresh water, forests, and productive soil resources.

The 'institution based critics' of foreign aid note that economic and social progress faltered in the economically small, low income nations only after the international donor community lost interest in helping this group of nations to improve agricultural productivity and to establish, maintain and manage their public sector institutions which are the foundation of social and economic progress in the modern global economy (C-8).

To summarize, during the decade of 'policy reform' the critical role of technical assistance and training in helping nations to become economically self-reliant has been largely forgotten. Particularly disturbing is the informed conclusion of a recent BIFADEC Task Force that the development assistance outlays of current A.I.D programs, with few exceptions -- "are not likely to contribute to higher rates of economic growth in any meaningful sense" (C-8, pg. 91).

For nations that have functioning public and private institutions and basic infrastructure, it is not difficult to identify the kinds of programs of development cooperation that would benefit both the United States and the cooperating nations. To state the obvious, these remain critical for achieving the foreign policy and the trade development goals of the United States.

The truly unanswered and perhaps unanswerable question is the U.S. foreign policy and foreign assistance posture that would contribute most to the economic and social development of the remaining institutionally under-developed, low income nations. Without this consensus, A.I.D. has difficulty rallying a political constituency for its current portfolio of development assistance projects either inside or outside of the Government.

Most economic development specialists believe that the developmental cup of the economically small, low income nations is not only half empty but leaking badly.

I. TRADE AND DEVELOPMENT INTERACTIONS

The success of U.S. global peace building initiative will have a significant impact on the outcome of U.S. international trade and investment initiatives. The newly autonomous nations of Eastern and Central Europe and Asia, (along with the intermediate income countries of Asia, Africa, and Latin America and the Caribbean) are recognized as the largest (potential) growth markets for U.S. agricultural commodities, value added products and agricultural sector services.

USDA's trade analysts suggest that the revitalized economies of Eastern and Central Europe and of the Newly Independent States could fuel a new era of global scientific and technical progress and market expansion that would improve the efficiency of global production and marketing systems and create new markets for U.S. agricultural sector products and services and those of tropical developing countries.

The issue is -- how can the United States best finance and administer new programs of international cooperation for development and trade enhancement as it continues to struggle with its own budgetary, balance of trade and foreign debt problems.

By posing the issues in this fashion, it should help to focus the debate as to the proportion of available funding for international cooperation which should be authorized in each of the following categories:

1. as non-project assistance such as ESF [with the release of funds conditioned on the announcement of or implementation of policy reform(s) administered by the Bureau for International Cooperation for Development (BICD);
2. as project assistance used to finance goods and services, purchased in the U.S. or the receiving nation, intended to improve a nations institutional capacity to promote private sector investment and trade and to better manage natural resources.
3. as project assistance used to finance goods and services, purchased in the U.S. or the receiving nation, intended to primarily improve the lives of the economically and socially disadvantaged groups in the receiving nation and/or to preserve environmental diversity [administered by the BICD in cooperation with the PVO/NGO agencies];
4. for programs of economic and technical cooperation in areas of mutual interest and benefit to both the United States and the cooperating nation [financed or co-financed and administered by the technical and program departments of the U.S. Government -- including the USDA, the NSF, NOAA, the Department of Commerce/ SBA, et.al.].
5. for programs that promote the expansion of trade and investment between the U.S. and the developing market economies [administered by Commerce, Agriculture, OPEC and the EX-IM Bank.
6. for the U.S. contribution to international organizations and banks and the International Monetary Fund [with oversight by the Department of the Treasury];

7. for peace keeping activities including the suppression of trade in narcotic drugs [administered by State Department].

An assumption made in listing the expenditure categories of in this format is that --

If the United States is to mount a stronger and more cost effective program of international cooperation for development and trade enhancement, that includes both the advanced developing nations, the emerging democracies, and the low income nations, then the technical and program agencies of the U.S. Government must play a greater role in the identification and implementation of the programs selected to promote international cooperation and trade.

Of note, all of the international agricultural programs currently administered by USDA agencies must meet the criterion of being of joint interest and benefits to the United States and the cooperating country (M-4 & M-5).

J. ADVANCING U.S. FOREIGN POLICY GOALS THROUGH ECONOMIC AND TECHNICAL COOPERATION AND TRADE

The categories of nation/states" that currently receive short and in some cases longer term assistance are:

- the formerly centrally planned emerging democracies;
- the intermediate income and A.I.D. graduate nations;
- the economically large low income nations; and,
- the economically small, low income countries and island nations.

As the Congress, the Administration and the American electorate, debate U.S. foreign policy for international cooperation, they need to begin the process by setting realistic and obtainable goals and objectives for aid programs. For each category of nation/state, a somewhat different approach to economic, social, and technical cooperation will be required with the options based upon the needs of the cooperating sovereign nations and their ability to absorb and benefit from various forms of international cooperation.

First, it is critical that the drafters recognize that the United States, acting alone, is not fiscally or physically able to provide the food, economic, and environmental safety net for all the world's low income nations and their citizens -- the international community must help developing nations to help themselves.

Neither past nor present U.S. aid programs (no matter how poorly conceived and implemented they may have been), the acts of former colonial powers, nor the international donor community as a whole,

are responsible for the fact that many of the economically small, low income nations are severely handicapped by having very poor natural resources, rapid rates of population growth, and disturbing trends in physical and environmental security. It is a fact that many low income nations have virtually no chance of achieving and sustaining food and economic self-reliance without continuing external assistance. This fact is clearly illustrated by the recent emergency and famine conditions encountered in Ethiopia, Somalia, Mozambique and Haiti.

The economically small nations most in need of foreign assistance, simply do not have the functioning public sector service agencies a modern economy needs to support and sustain domestic policies of social justice, international trade, foreign investment and economic and political reform.

Second, the United States can not independently lead the world out of the present global recession. Most analysts believe that the industrialized nations can best help the majority of low income nations and the emerging democracies through a policy of short term debt relief and by implementing monetary and trade policies which contribute to global trade expansion.

In addition, continued international cooperation must occur on trade issues such as the GATT negotiations and the enterprise for the Americas Initiative. Without these important forms of economic cooperation, the U.S. foreign policy objective of helping low income to achieve development through private sector investment and trade is a hollow one.

Third, to build political support with the U.S. private sector and among labor groups, the Congress could choose to direct more of the ESF and DA appropriations into programs that help nations that have a temporary shortage of foreign exchange to purchase needed commodities, value added products and development services from U.S. sources. The two best known commodity assistance programs are; (a) the A.I.D. Commodity Assistance Programs (CIP) and, (b) the Public Law 480 food and agricultural commodity assistance programs.

The Department of State in the past has opposed 'tied aid' if it requires the receiving nation to use dollar grants to purchase U.S. source of origin products and services. Tied aid covenants, although technically forbidden under GATT, are routinely included in grant agreements by other bilateral donors, especially the Government of Japan. To secure future trade concessions or to match the competition for new markets, the Congress may be prepared to move some of the current Security Assistance and ESF grant funding to programs that encourage the export of U.S. source of origin products and services.

In the opinion of this analyst, there are numerous areas of international cooperation which could be expanded and made more cost effective if U.S. foreign aid policy favored an expansion of dollar grants to help developing nations finance the purchase of U.S. commodities, equipment and advisory services. To counter the argument that aid programs, especially food and commodity assistance may delay policy implementation, the grant agreements may be structured to require that the recipient nations agree to use sales proceeds:

1. to improve its capacity to sustain development; and,
2. to support the local currency costs of collaborative programs with the sponsoring agency.

As another example, U.S. market development funds could be used to assist private businesses in the receiving nation to use U.S. commodities and products more efficiently. This form of assistance would contribute both to private sector development in the receiving nation and to U.S. market development.

As a second example, private sector exporters in developing economies frequently have difficulty in meeting the quality and sanitary requirements of export markets. U.S. trade development programs could include assistance to help the private sector in cooperating nations to both understand and, if possible, to meet these regulatory and consumer driven requirements (M-3).

Fourth, the United States, once the largest single donor, is now a minor and often an insignificant donor in many nations. If the U.S. wishes to achieve its foreign policy goals, it must be prepared to cooperate with both with the technically advanced and the developing nations. Recipient nations strongly resent the inferior status implied by conditioned "foreign aid" and 'leveraged policy reforms'. However, all developing nations and emerging democracies do recognize their need for external resources and would obviously welcome a new spirit of U.S. cooperation that focuses on solutions to "global trade and environmental issues."

By adopting a **policy of cooperation** with bilateral donors, international agencies and organizations and the international financial institutions, the U.S. 'International Cooperation for Development program could be structured to focus on areas of cooperation that are cost effective because they are of mutual interest and benefit to both the United States and the cooperating nations. Further by combining resources, the United States might just be able to help additional low income nations and emerging democracies to achieve self-sustaining rates of economic and social progress in the coming decade.

There are many areas of cooperation that would be more cost effective if planned and implemented collaboratively with other

development organizations. Perhaps the best known example of international cooperation is the Consultative Group (CGIAR) which recruits support for the International Agricultural Research Centers (IARC) and their extension and training programs. The Centers undertake basic and applied research on food production and management problems and support the exchange of genetic material. These are activities which individual developing countries would not be able to support independently. Other examples are programs to share applied research and market data and information among nations with similar ecological conditions and levels of income with the intent of improving regional cooperation and trade and the use of human and natural resources.

Fifth, it should be U.S. policy to assure that recipient nations receive the technical, administrative and legal assistance they need to rapidly and effectively implement all policy reforms. In the opinion of this analyst, the effectiveness of U.S. programs of international cooperation would be substantially improved if implementation was linked programmatically to the U.S. departments and agencies that are responsible for the conceptualization and management of similar policies and programs in the United States.

In most cases, the counterpart U.S. "ministries" are responsible for drafting and enforcement of the regulatory actions needed to promote global priorities such as soil, water, and forest management, animal and plant health, and food and product safety. Some privately circulated 'chapters' of a future FAA do call for USDA agencies, at a minimum, to assume a more pro-active role in the prioritization of U.S. assistance in the forestry and natural resources and in international agricultural research, training and extension (C-9).

Sixth, and in conclusion, international programs that are designed collaboratively by counterpart institutions and agencies, are more likely to be cost effective to both nations. They result in the sharing of technologies, management systems and concepts in a process that generates benefits to both nations many years after the formal arrangements have been phased out.

Training for international participants and scientific and technical exchange agreements between the cooperating nations are critical to achieving program results. Once such linkages have been established, be they between public institutions or private ones, they can and should be maintained by the sponsoring agencies in both nations. In this manner, the domestic development programs of both nation's public and private institutions are strengthened and become more cost effective over time.

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